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FROM AIT KAOHSIUNG BRANCH OFFICE

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SUBJECT: Thai Workers Cause Riot in Southern Taiwan

1. Summary. A riot erupted when Thai laborers were angered by their Taiwanese employers late Sunday night on August 21, 2005. The disruption was instigated by Taiwanese employers' application of stringent regulations on the Thai workers. Executives of the Huapan Manpower Consultant and Management Co., Thai officials, local police, and local district prosecutors worked together to quickly resolve the situation. Taiwan's Council of Labor Affairs (CLA) decided to transfer 800 Thai laborers who been catalysts of the riot to work at other construction sites. Applications to receive 971 additional Thai laborers, submitted by the employer, Kaohsiung Rapid Transportation Corporation (KRTC), will be turned down. The consultant firm may be fined for mistreating foreign workers. The CLA stated the riot will not affect the labor cooperation between Taiwan and Thailand. End Summary.

2. A riot erupted in Kaohsiung County, southern Taiwan, on August 21, 2005 when more than 1,700 Thai workers set fire to their living quarters and cars, and hurled rocks at police and firefighters who arrived to ease the situation. The workers had been hired to complete the construction of the mass rapid transit railway, which will connect Kaohsiung City to Kaohsiung County and to Pingtung County. The project is expected to be completed by October 2007. The laborers, who had long been angry at strict working rules, were further angered when their Taiwanese employers prohibited them from bringing alcohol to their worksite.

3. The workers set fire to their dormitory, cars, and hurled rocks at officials who arrived to control the scene. No injuries were reported, but it is estimated that the damage to the dormitory will cost Huapan Co. USD300,000. Soon after word of the incident spread, officials congregated to discuss the situation. Negotiations took place and Taiwan employers agreed to ease restrictions on drinking and the use of mobile phones and the workers were granted permission to watch Thai TV.

4. KRTC was frustrated at the violence that occurred. According to KRTC executive Chang Hsiu-chi, KRTC currently has 7,600 local laborers and 1,728 Thai workers hired for the city's mass rapid transit railway. According to Chang, the Thai workers are more willing to work overtime. A hard-working Thai laborer normally can earn up to USD 1100/month (the basic payment of USD500/month plus overtime payment), which is as much as a domestic worker can earn. Chang noted the Thai workers who stirred up the trouble apparently were upset by their treatment in general: inadequate living space, strict living rules, etc. According to Chang, the 1,728 Thai workers are living in four 650-square meter dormitories at Gangshan, Kaohsiung County. Thai workers also complained that they were not compensated for overtime hours, which is a report that KRTC denies.

5. Both KRTC and Huapan face punishment in the forms of fines for their mistreatment of workers. The CLA has requested the transfer of 800 Thai workers who were involved in the riots to work at other infrastructure projects. KRTC's application for 971 additional Thai laborers also will be rejected. Huapan Co. may be fined between USD 1,900 and USD 9,500 for mistreating the laborers. KRTC executives are worrying that the halt of hiring foreign laborers may increase costs of the project by 50 percent and may cause delays in completion of the project as well.

6. The Project: Kaohsiung Mass Rapid Transit System (KMRT) called for construction of two (orange and red) lines totaling 42.7 km and 37 stations. The system is designed to connect Kaohsiung City and the neighboring Kaohsiung County and Pingtung County. The US\$5.6 billion project, under construction since October 2001, is scheduled for completion in October 2007.

7. Information contained here came exclusively from KRTC and the Huapan Manpower Consultant and Management Co. Neither laborers' representatives nor Thai officials were available for contact. AIT/K will follow up with Thai officials and labor representatives and report by septel.